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# **China, Peoples Republic of**

## **Market Development Reports**

### **Fresh Fruit Wholesale Market at Risk**

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#### **Report Highlights:**

**The premier fresh fruit wholesale market in China is in danger of business disruption. A former partner of the holding company of the market has taken temporary control of its office by force and several key operational personnel have either resigned or been dismissed.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Guangzhou [CH3], CH

## Fresh Fruit Wholesale Market at Risk

The premier fresh fruit wholesale market in China, the Nanhai Lishui Fresh Fruit Wholesale Market located north of Hong Kong, is in danger of business disruption. A former partner of the holding company of the market has taken temporary control of its office by force and several key operational personnel have either resigned or been dismissed. The local authorities are weighing options to resolve the impasse.

The Nanhai Lishui Market was registered in April 1998 and opened for business in June. In a four-year period, it has evolved into a dominant fresh fruit wholesale market in China focusing on imported fruit. Buyers from all parts of China source their products from Nanhai Lishui. Its total import from the United States in Year 2001 was 4,917 containers with a value of RMB1.09 billion yuan (USD132 million). The Lishui Market is a critical trading center for U.S. fresh fruit such as oranges, apples, cherries, and table grapes.

Due to personal differences, the partners decided to sell the holding company and the Lishui Market and to dissolve the partnership. They sold the holding company and the Lishui Market to the Wanli Investment Company. The sale was completed on June 19. However, Hu Weixing, one of the de facto partners of the holding company filed a petition in the Hong Kong Superior Court to restrain the transfer of ownership.

On June 21, Hu removed from the Lishui office by force the company's critical documents on land use and property right. Subsequently, he announced the summary dismissal of three managers. Since June 28, ten sectional managers of the Market had submitted their resignation. They also petitioned the local partners of the Nanhai Lishui Market to intervene in the transfer of ownership dispute.

The former partners of the Nanhai Lishui Market have retained law firms in Guangdong and Hong Kong to represent them in the dispute. It is unclear how the dispute will be resolved.

Hu Weixing is the same Chinese fruit vendor involved in a dispute with the Vanguard Company about non-paying of goods in Year 2000.